



PPL companies

Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

October 29, 2021

**RE: Electronic Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities
Case No. 2010-00204**

Dear Ms. Bridwell:

Pursuant to the Commission's Order of September 30, 2010, in the above-referenced proceeding, Louisville Gas and Electric Company and Kentucky Utilities Company (collectively "the Companies") hereby file an update on the adoption and implementation of best practices at the Companies pursuant to Appendix C, Regulatory Commitment No. 12 of that Order.

In accordance with 807 KAR 5:001, Section 8 and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that the electronic filing has been transmitted to the Commission on October 29, 2021 and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

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On November 1, 2010, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “the Companies”) became indirect wholly owned subsidiaries of PPL Corporation (“PPL”), when PPL acquired all of the outstanding limited liability company interests in the Companies’ direct parent, LG&E and KU Energy LLC (“LKE”) from E.ON US Investments Corp. LKE, a Kentucky limited liability company, also owns LG&E and KU, utilities engaged in the generation, transmission, distribution and sale of electric energy in Kentucky and Virginia.

Since 2010, LG&E and KU have continued working with PPL and other affiliates to seek best practice approaches to specific areas of their utility operations and shared services divisions. The sharing of best practices at the beginning of this acquisition provided savings for each entity. This practice now serves as a way for each entity to share knowledge as they work on providing reliable, safe energy at a reasonable cost to our customers and best-in-sector returns to our shareowners. Following is a summary of best practice initiatives that have been implemented or are currently in process.

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present challenges to businesses, communities, workforces, and markets. In the LG&E, KU, and PPL service territories, mitigation measures included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools, and governmental agencies, and legislative or regulatory actions to address health or other pandemic-related concerns.

To date, there has been no material impact on the LG&E, KU, and PPL operations, financial condition, liquidity or on their supply chain as a result of COVID-19; however, the duration and severity of the outbreak and its ultimate effects on the global economy, the financial markets, or the Companies workforce, customers and suppliers are uncertain. A protracted slowdown of broad sectors of the economy, prolonged or pervasive restrictions on businesses and their workforces, or significant changes in legislation or regulatory policy to address the COVID-19 pandemic all present significant risks to the Companies. These or other unpredictable events resulting from the pandemic could reduce customer demand for electricity and gas, impact the Companies’ employees and supply chains, result in an increase in certain costs, delay payments or increase bad debts, or result in changes in the fair value of their assets and liabilities, which could materially and adversely affect the Companies’ business, results of operations, financial condition or liquidity.

Customer Service

The customer services operational teams continued its exchange with PPL around managing its comprehensive operations and customer experiences. The teams met face-to-face or by telephone conference. They compared processes, reviewed metrics, shared organizational structure, and discussed experiences with vendors and system functionality.

The advanced meter leadership team has exchanged industry movements and best practices within the smart meter space. This information sharing practice promotes cross-company knowledge with positive insights into process, program, and evaluation.

The Facility Services team exchanged information relating to the safety and cleaning of facilities in this time of the COVID-19 pandemic.

These efforts continue to validate our shared core values around safety, commitment to customer service, operational discipline, and performance excellence.

Operations

The electric transmission and distribution operations teams continued collaborative efforts on safety, reliability, operations, emergency restoration and fleet management. These collaborative efforts continue to validate LKE's existing business processes, and confirmed a similar culture of safety, commitment to customer service and operational focus.

The Safety function conducts semi-annual WebEx meetings to communicate legislative changes, industry trends, incident reviews, and best practices. These meetings allow LKE and PPL to share information and increase efficiency.

LKE and PPL continue to provide each other with a solid network of contacts to discuss topics applicable to the industry and efforts to enhance safety performance.

Information Technology

The Companies and PPL continue to optimize combined spend for IT vendors, participate in joint IT vendor workshops, optimize use of similar reporting systems, and share lessons learned. An overall PPL cyber security framework enables implementation of information protection strategies based on risk and asset profiles.

Procurement

On-going collaboration between the groups continues by leveraging individual company strengths, industry best practices and focused spend aggregation opportunities across PPL and LKE.

Finance

LKE's Financial Reporting department continues to coordinate joint U.S. Securities and Exchange Commission ("SEC") filings for its two SEC registrants, LG&E and KU, along with PPL's two Pennsylvania registrants. Through this process, LKE personnel collaborate on technical accounting matters and best practices for monitoring and implementing technical developments with their counterparts in Pennsylvania including recent developments regarding SEC environmental, social and governance disclosures. Additionally, LKE and PPL personnel collaborate on technical accounting matters at FERC including the upcoming XBRL electronic filing requirements for Forms 1, 3-Q, and 60 to ensure consistent practices across the enterprise.

The funds set aside for pensions by LG&E and KU are held in a master trust that includes the assets of PPL's other domestic pension plan assets. By consolidating the funds, the trust is able to negotiate lower investment management fees than would be possible by LG&E and KU alone.

LKE and PPL personnel continue to collaborate on federal and state tax matters to ensure compliance with various laws and regulations.

Corporate Communications

LKE's Corporate Communications department continues to collaborate with PPL regularly on news and information for employees across the PPL enterprise, particularly for PPL's quarterly employee and retiree magazine, Dimensions. In addition, the communications groups continue to meet on an as needed basis to discuss content and forms of corporate and employee communications.

Other

In 2020, PPL launched a process to strategically reposition PPL as a US-focused energy company and, to that end, completed the sale of PPL's U.K. utility business in June 2021. The next step in PPL's transformation is the planned acquisition of The Narragansett Electric Company in Rhode Island with an expected completion in February 2022. This acquisition will further expand the U.S. presence. During 2021, PPL has also remained focused on continuous improvement, innovation, benchmarking, and best practice sharing. As PPL pursues its strategy enterprise-wide, we're focused on redefining how we operate across the organization to best serve our customers. This effort will include shifting from our current fully decentralized operating model toward a more centralized, shared services approach where it makes sense, benefits our customers, advances PPL's business strategy, and improves operational efficiency.

As part of that process, the Audit Services and Compliance and Ethics functions have been centralized to enhance their independence and governance. With the promotion of John Crockett to president of LG&E and KU Energy, the Company has decided to consolidate our legal functions under Wendy Stark, PPL senior vice president, general counsel, and corporate secretary. The Company is considering centralization of other support services, as appropriate.